ECONOMIC IMPACT STATEMENT

Regulation Number: 129-5-1

Regulation Name: Prior Authorization

Summary of Proposed Changes: The following changes will be made to Regulation 129-5-1 regarding Prior Authorization of pharmaceutical products:

To ensure the most clinically appropriate utilization of these drugs in the most cost-effective manner, the following drugs will require Prior Authorization. These therapeutic classes of drugs have been evaluated by the Preferred Drug List Advisory Board and found to be clinically equivalent:

- antirheumatics: abatacept;
- all growth hormones and growth hormone stimulating factor, including the following: mecasermin rinfabate;
- drugs for the treatment of obesity: phentermine;
- narcotic analgesics: fentanyl lozenge;
- tramadol and all opioids, opioid combinations, and skeletal muscle relaxants, at any dose greater than the maximum recommended dose in a 31 day period.

Federal Mandate: This regulation change is not federally mandated.

Economic Impact: It is expected that this change will reduce Medicaid expenditures by $400,000 SGF and $600,000 FFP.

Bearer of Cost: The cost of reviewing Prior Authorization (PA) will be borne by DHPF. If a Medicaid consumer wishes to have a drug despite a PA denial the cost will be borne by the consumer.

Affected Parties: Medicaid consumers, pharmacists and the Medicaid agency.

Other Methods: There were no other appropriate methods for the desired outcome.